



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2025**

ON THE FOLLOWING MEASURE:

S.B. NO. 585, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST BANA PACIFIC INC.

BEFORE THE:

SENATE COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

DATE: Tuesday, January 28, 2025 **TIME:** 3:15 p.m.

LOCATION: State Capitol, Room 016 and Videoconference

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Ian Robertson, Deputy Attorney General

Chair Wakai and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purpose of this bill is to authorize the issuance of special purpose revenue bonds (SPRBs) to assist Bana Pacific Inc. in constructing a biogas production facility.

The issuance of SPRBs as proposed by this bill is prohibited by section 3 of Act 262, Session Laws of Hawaii (SLH) 2023, which amended section 4 of Act 182, SLH 2022, to require that "[n]o special purpose revenue bonds requiring an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes, shall be authorized after June 30, 2023, and before December 31, 2028."

As a private activity bond under the Internal Revenue Code, this SPRB would necessitate an allocation from the State's private activity bond volume cap ceiling, as specified in section 39B-2, Hawaii Revised Statutes. To avoid confusion as to the allocation restriction, we suggest that an express carve out to the prohibition against SPRB issuance be inserted in this bill.

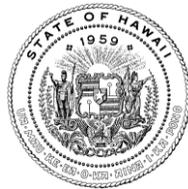
If the Committee decides to provide a carve out to this prohibition, then the wording to effectuate such an action would read as follows:

"Notwithstanding the provisions of Act 182, Session Laws of Hawaii 2022, as amended by Act 262, Session Laws of Hawaii 2023, the legislature authorizes the issuance of special purpose revenue bonds to

assist Bana Pacific Inc. in building facilities pursuant to part V, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist industrial enterprises that requires the allocation of the annual state ceiling under section 39B-2, Hawaii Revised Statutes, for the period July 1, 2025, through December 31, 2028."

We respectfully ask the Committee to consider our comments.

An additional point for the Committee to be aware of is that the named entity in the title of the bill, "Bana Pacific Inc.," does not actually exist as a registered entity in the State. There is a limited liability corporation with a similar name called "Bana Pacific LLC." We recommend that the Committee clarify that the bill would authorize the issuance of SPRBs to the correct entity.



JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

LUIS P. SALAVERIA
DIRECTOR

SABRINA NASIR
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
Ka 'Oihana Mālama Mo'ohelu a Kāla
P.O. BOX 150
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY

TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON ENERGY AND
INTERGOVERNMENTAL AFFAIRS
ON
SENATE BILL NO. 585

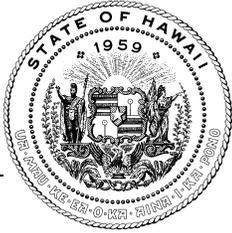
January 28, 2025
3:15 P.M.
Room 16 and Videoconference

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST BANA PACIFIC INC.

The Department of Budget and Finance (B&F) offers the following comments on Senate Bill (S.B.) No. 585 which authorizes the issuance of Special Purpose Revenue Bonds (SPRB) to assist Bana Pacific Inc. in constructing a biogas production facility pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

B&F would like to note that that Act 262, SLH 2023 states "No special purpose revenue bonds requiring an allocation of annual state ceiling under section 39B-2, Hawaii Revised Statutes, shall be authorized after June 30, 2023 and before December 31, 2028."

Thank you for your consideration of our comments.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

Tuesday, January 28, 2025
3:15 PM
State Capitol, Conference Room 016 and Videoconference

In Support of
SB 585

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST BANA PACIFIC INC.**

Chair Wakai, Vice Chair Chang, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 585, that would authorize special purpose revenue bonds to assist Bana Pacific Inc. in constructing a biogas production facility.

The in-state production of fuel has long been an objective of the State of Hawai'i, for the reasons set forth in the bill, including enhancing energy security, diversifying fuel supplies, and increasing rural economic opportunities.

The availability of special purpose revenue bonds would increase the ability of this project to attract private sector capital, without risk to the State or taxpayers.¹

HSEO's support of this bill is consistent with section 196-71(b)(3), Hawai'i Revised Statutes, to "provide renewable energy... project deployment facilitation to assist private sector project completion when aligned with state energy goals."²

Thank you for the opportunity to testify.

¹ <https://budget.hawaii.gov/wp-content/uploads/2012/11/SPRB-FAQ.pdf>

² https://www.capitol.hawaii.gov/hrscurrent/Vol03_Ch0121-0200D/HRS0196/HRS_0196-0071.htm

Written Testimony in Strong Support of SB 585: Special Purpose Revenue Bond for Bana Pacific Inc.

To: Chair Senator Glenn Wakai, Vice Chair Senator Stanley Chang, and Members of the Energy and Intergovernmental Affairs

Date: January 27, 2025

Subject: Testimony in Strong Support of SB 585

Aloha Chair Wakai, Vice Chair Chang, and Honorable Members of the Committee,

My name is George Pritchard, and I am President & CEO, representing Bana Pacific Inc. I am providing written testimony to express strong support for SB 585, which authorizes the issuance of a Special Purpose Revenue Bond (SPRB) for the development of Bana Pacific Inc.'s Integrated Biogas and Green Hydrogen Facility. This transformative project is not only a bold step toward achieving Hawaii's renewable energy goals but an urgent necessity for addressing critical issues that threaten our state's sustainability, economy, and environment.

The Urgent Necessity of SB 585

Hawaii faces unprecedented challenges that demand immediate action:

1. Energy Vulnerability:

Hawaii imports over 90% of its energy, exposing residents to the volatility of global fossil fuel markets. Fuel costs are rising, contributing to a high cost of living and an unsustainable dependence on external sources.

2. Landfill Crisis:

Our landfills are nearing capacity. Organic waste, a significant contributor to methane emissions, is largely untreated, creating environmental and health risks while wasting valuable resources.

3. Climate Change and Resiliency:

Rising sea levels, extreme weather events, and temperature changes underscore the need for Hawaii to lead in climate action. We must reduce greenhouse gas (GHG) emissions to protect future generations and our fragile ecosystems.

SB 585 provides the means to address these challenges holistically by enabling Bana Pacific Inc. to implement a scalable, impactful solution with immediate and long-term benefits.

The Bana Pacific Solution

The proposed facility will tackle Hawaii's energy, waste, and climate challenges through an innovative, integrated approach:

- **Renewable Natural Gas (RNG):** Produces **1.5 million MMBtu annually** to replace fossil fuels in Hawaii's energy mix.
- **Green Hydrogen (GH2):** Generates **1400 kg/day of hydrogen**, supporting the clean transportation and industrial sectors.
- **Carbon Repurposing:** Captures and conditions CO₂ emissions into beverage-grade CO₂ and dry ice, supporting local industries.
- **Waste Diversion:** Processes up to **300,000 tons of organic waste annually**, extending landfill capacity and reducing methane emissions.

These outcomes directly align with Hawaii's 100% renewable energy mandate by 2045 and GHG reduction commitments.

Transformative Impact on Hawaii

1. Environmental Benefits

- **GHG Emissions Reduction:** Eliminates 200,000 metric tons of CO₂-equivalent emissions annually, a significant step toward Hawaii's climate goals.
- **Waste Management:** Reduces reliance on landfills by converting organic waste into valuable energy resources.

2. Economic Growth

- **Job Creation:** Generates 150 construction jobs and 50 permanent operational roles, bolstering the local workforce.
- **Agricultural Revitalization:** Creates demand for Bana grass cultivation, supporting local farmers and sustainable land use.
- **Economic Output:** Injects \$20 million annually into Hawaii's economy through operations and local spending.

3. Energy Independence and Resiliency

- Reduces Hawaii's dependence on imported fuels, strengthening energy security.
- Provides stable, local energy production to mitigate supply chain disruptions.

The Role of SB 585

The \$180 million in SPRB funding authorized by SB 585 is **vital** to the success of this project. SPRBs are a no-risk mechanism **for the state**, with repayment solely the responsibility of Bana Pacific Inc. Revenues from RNG, hydrogen, and CO₂ products will fund bond repayments, ensuring the project's financial viability.

This funding will:

1. Enable **cost-effective construction** of the facility.
2. Leverage **existing commitments**, such as the executed term-sheet agreement with Hawaii Gas.
3. Catalyze Hawaii's transition to a **cleaner, more resilient energy future**.

Call to Action

Supporting SB 585 is more than an investment in a single project; it is a commitment to Hawaii's people, economy, and environment. The urgency of Hawaii's energy and waste crises demands action, and this facility represents a once-in-a-generation opportunity to lead the world in innovative, sustainable solutions.

We respectfully urge your unwavering support for SB 585 to secure the funding necessary for Bana Pacific Inc. to deliver on its promise of a brighter, more sustainable Hawaii.

Mahalo nui loa for your time and consideration.

Respectfully submitted,

George Pritchard

President & CEO

Bana Pacific Inc.



January 28, 2025

COMMITTEE ON ENERGY AND INTERGOVERNMENTAL AFFAIRS

Sen. Glenn Wakai, Chair; Sen. Stanley Chang, Vice Chair; and Committee Members
Public Hearing, January 28, 2025 , 3:15p.m. Conference Room 016 - State Capitol

**TESTIMONY OF WILLIAM F. ANONSEN
MANAGING PARTNER/PRINCIPAL OF THE MARITIME GROUP
IN SUPPORT OF SB 585
(SPECIAL PURPOSE BONDS FOR LOCAL RNG PRODUCTION FACILITY)**

My name is William F. Anonsen, and I am the Managing Partner and Principal of The Maritime Group, LLC. I appreciate the opportunity to provide my testimony in strong support of SB 585, which seeks to authorize \$180 million in Special Purpose Revenue Bonds (SPRBs) to assist Bana Pacific in developing a local renewable natural gas (RNG) production facility, with a focus on Green Hydrogen (GH2) production. This proposal represents a bold and innovative step forward in addressing Hawai'i's critical challenges related to energy security, environmental stewardship, and economic growth. The project aligns seamlessly with the Hawai'i Clean Energy Initiative and the Sustainable Hawai'i Initiative, reflecting a commitment to renewable energy and climate adaptation goals.

Transformative Potential

The proposed RNG production facility is a groundbreaking initiative that demonstrates leadership in renewable energy technology. Its integration of Green Hydrogen production positions Hawai'i as a global leader in clean energy innovation while reducing the state's reliance on imported fossil fuels.

Key features of this project include:

1. **Green Hydrogen (GH2):** A transformative renewable energy source with applications in transportation, energy storage, and grid stability.
2. **Waste Mitigation:** The conversion of organic and biomass waste into usable energy addresses landfill capacity challenges and promotes a circular economy.
3. **Agricultural Revitalization:** Partnerships with local farmers will strengthen Hawai'i's agricultural sector and promote regenerative practices.
4. **Land Management:** Utilizing underutilized lands for biomass collection will mitigate wildfire risks and improve environmental stewardship.

Economic and Community Benefits

The construction and operation of this facility will create significant job opportunities, boost tax revenue, and foster workforce development in renewable technologies. An economic impact study accompanying this initiative could further quantify its return on investment, emphasizing both financial and societal benefits, such as improved public health from reduced emissions.

***1000 Auahi Street, Suite 1509 Honolulu, Hawai'i, 96814
Tel: (808) 232-1831 www.The-Maritime-Group.com***

Transparent community engagement and stakeholder involvement are essential to building trust and public support. Bana Pacific's commitment to aligning corporate restructuring with project milestones demonstrates meticulous planning and reinforces confidence in its ability to execute this transformative initiative effectively.

Suggestions for Further Refinement

To strengthen the proposal, I respectfully recommend:

- **Enhanced Community Engagement:** Establish clear channels for public involvement and invest in education and workforce development programs focused on renewable energy, particularly GH2 technologies.
- **Economic Impact Study:** Highlight quantifiable reductions in fossil fuel dependency, greenhouse gas emissions, and anticipated financial returns for Hawai'i's taxpayers.
- **Academic and Technological Collaboration:** Partner with local universities and private sector innovators to ensure the adoption of cutting-edge technologies.
- **Risk Mitigation Strategies:** Address potential technological, financial, and environmental risks through comprehensive contingency planning.

Conclusion

The EIG Committee's leadership in advancing SB585 underscores a visionary approach to renewable energy and sustainability. This initiative will not only propel Hawai'i closer to its clean energy goals but also serve as a model for other states and regions to follow. By emphasizing the production of Green Hydrogen and articulating the multifaceted benefits of this project, Hawai'i can solidify its standing as a leader in global renewable energy innovation.

I respectfully urge your committee to advance SB585 and support this transformative investment in Hawaii's renewable energy future.

Mahalo for your time and thoughtful consideration.

Sincerely,

William F. Anonsen

William F. Anonsen, USMM-ret.
Managing Partner/Principal
THE MARITIME GROUP, LLC



**Testimony to The Committee on Energy & Intergovernmental Affairs
Tuesday January 28, 2025
3:15 PM
Conference Room 016 & VIA videoconference
Hawaii State Capitol
SB 585**

Chair Wakai, Vice Chair Chang, and members of the committee, Hawaii Gas appreciates the opportunity to submit testimony in support of SB 585 , which authorizes the issuance of Special Purpose Revenue Bonds (SPRBs) to fund Bana Pacific Inc.'s Integrated Facility.

This project will:

- Reduce Hawaii's dependence on imported fossil fuels.
- Mitigate wildfire risks by promoting sustainable land management.
- Divert organic waste from landfills and significantly reduce greenhouse gas emissions.
- Create local jobs and stimulate economic growth.

SB 585 supports Hawaii's renewable energy goals and ensures a cleaner, more sustainable future for our islands. I respectfully urge you to support this important legislation.

Mahalo for the opportunity to testify.

SB-585

Submitted on: 1/25/2025 8:44:56 PM

Testimony for EIG on 1/28/2025 3:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Carlos Kaukahi Severson	Individual	Support	Written Testimony Only

Comments: We need this for Hawaii. It's a no brainer.

SB-585

Submitted on: 1/27/2025 12:46:06 PM

Testimony for EIG on 1/28/2025 3:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Thomas Tay	Individual	Support	Written Testimony Only

Comments:

Dear Chair Wakai, Vice Chair Chang, and Members of the Committee,

My name is Thomas Tay, and I am a realtor. I am writing in **strong support of SB 585**, which authorizes the issuance of Special Purpose Revenue Bonds (SPRBs) to fund Bana Pacific Inc.'s Integrated Biogas and Green Hydrogen Facility.

This transformative project will:

- **Reduce Hawaii's dependence on imported fossil fuels**, enhancing energy security.
- **Mitigate wildfire risks** through sustainable land management practices.
- **Divert organic waste from landfills**, significantly reducing greenhouse gas emissions.
- **Create local jobs** and stimulate economic growth within our communities.

SB 585 aligns with Hawaii's renewable energy goals, supporting a cleaner, more sustainable, and self-reliant future for our islands.

I respectfully urge you to support this critical legislation to help pave the way for a greener Hawaii.

Mahalo for the opportunity to testify.

Sincerely,

Thomas Tay

LATE

SB-585

Submitted on: 1/27/2025 7:29:17 PM

Testimony for EIG on 1/28/2025 3:15:00 PM

Submitted By	Organization	Testifier Position	Testify
Darin Yokoyama	Individual	Support	Written Testimony Only

Comments:

Dear Chair Glenn Wakai, Vice Chair Stanley Chang, and Members of the Committee,

I am submitting testimony in **strong support** of SB585, which authorizes the issuance of special purpose revenue bonds to assist Bana Pacific Inc. in constructing a biogas production facility. This bill addresses the critical need for Hawaii to reduce its dependence on imported fossil fuels and transition to cleaner, locally sourced energy solutions.

Hawaii imports approximately 85-90% of its energy in the form of fossil fuels, making our state the most petroleum-dependent in the nation. This reliance leaves us vulnerable to volatile global oil markets, rising energy costs, and supply chain disruptions. Additionally, burning fossil fuels contributes significantly to greenhouse gas emissions, exacerbating the climate crisis and threatening the health of our environment and communities.

SB585 represents a vital opportunity to address these challenges by supporting the development of a biogas production facility. Biogas technology offers multiple benefits, including:

- **Reducing reliance on imported fuels** by producing renewable energy locally.
- **Converting organic waste into clean energy**, reducing landfill use and greenhouse gas emissions.
- **Improving energy security** through locally sourced energy production.
- **Creating local jobs** in the renewable energy sector, boosting Hawaii's economy.

Projects like the one proposed by Bana Pacific Inc. align directly with Hawaii's clean energy goals, including the state's mandate to achieve 100% renewable energy by 2045. By supporting this initiative, we can take a significant step toward energy independence, environmental stewardship, and economic sustainability.

Additionally, the financial structure of special purpose revenue bonds ensures that funding for this project is secured without imposing additional burdens on taxpayers, making this a fiscally responsible way to achieve our clean energy objectives.

In conclusion, I strongly urge the committee to pass SB585. Supporting this legislation is not just about one facility; it is about prioritizing Hawaii's energy future, protecting our environment, and enhancing our resilience in the face of global energy uncertainties. Thank you for the opportunity to provide testimony on this important matter.

Sincerely,

Darin M. Yokoyama
Mobile: (808)216-1512

Email: dyokoyama@electriciansinc.com

LATE

SB-585

Submitted on: 1/27/2025 7:54:36 PM

Testimony for EIG on 1/28/2025 3:15:00 PM

Submitted By	Organization	Testifier Position	Testify
kyle onaga	Individual	Support	Written Testimony Only

Comments:

Dear Chair Wakai, Vice Chair Chang, and Members of the Committee,

My name is Kyle Onaga, and I am a Farm operation specialist with Hawaii Agriculture Research Center. I am submitting testimony in strong support of SB 585, which authorizes the issuance of Special Purpose Revenue Bonds (SPRBs) to fund Bana Pacific Inc.'s Integrated Biogas and Green Hydrogen Facility.

This project will:

- Reduce Hawaii's dependence on imported fossil fuels.
- Mitigate wildfire risks by promoting sustainable land management.
- Divert organic waste from landfills and significantly reduce greenhouse gas emissions.
- Create local jobs and stimulate economic growth.

SB 585 supports Hawaii's renewable energy goals and ensures a cleaner, more sustainable future for our islands. I respectfully urge you to support this important legislation.

Mahalo for the opportunity to testify.

Respectfully
Kyle Onaga