

ACT 278

H.B. NO. 3976

A Bill for an Act Relating to the Issuance of a Special Purpose Revenue Bond to Assist an Industrial Enterprise.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The legislature finds that although solar electric photovoltaic power systems have demonstrated their value as a clean, safe, and economical alternative in selected applications to petroleum and conventional utility service, consumers in Hawaii continue to depend almost entirely upon imported petroleum-based fuels and conventional utility power line extensions to fulfill their electrical energy requirements. Large regions of the State remain unelectrified or are served by weak electrical systems. The legislature further finds that Hawaii has developed a stable and growing solar industry to provide photovoltaic systems. Provided with the necessary financial assistance afforded through low interest long-term financing, industry expansion including the construction of new manufacturing facilities will occur, producing significant direct and indirect benefits to the state economy. For the foregoing reasons, the legislature finds and declares that the issuance of special purpose revenue bonds and refunding special purpose revenue bonds under this Act is in the public interest and is beneficial to the public's health, safety, and general welfare.

PowerLight Corporation proposes that all public and private parties and organizations involved cooperate in expanding the use of solar electric photovoltaic systems, which can be generally categorized as grid-connected or off-grid systems. The legislature finds that PowerLight Corporation is an industrial enterprise meeting the qualifications for special purpose revenue bond assistance under Article VII, section 12, of the Hawaii State Constitution and part V, chapter 39A, Hawaii Revised Statutes. The special purpose revenue bonds authorized under this Act will provide low interest rate bond financing to assist PowerLight corporation establish grid-connected and off-grid solar electric photovoltaic systems in Hawaii county, Maui county, and Kauai county.

SECTION 2. Pursuant to Article VII, section 12, of the Hawaii State Constitution and part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue special purpose revenue bonds in one or more series in a total amount not to exceed \$12,500,000, to assist PowerLight Corporation, or a partnership in which PowerLight Corporation is a general partner, establish grid-connected and off-grid solar electric photovoltaic systems in Hawaii county, Maui county, and Kauai county. The

legislature finds and determines that the activity and facilities of PowerLight Corporation constitute a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to an industrial enterprise.

SECTION 3. The department of budget and finance shall submit an annual report to the legislature of the progress made under this Act in reducing the financial costs of the provisions of grid-connected and off-grid solar electric photovoltaic systems in Hawaii county, Maui county, and Kauai county. The report shall include:

- (1) The cost of the bonds at the time of issuance as compared to the cost of the undertaking if the undertaking was financed through other means;
- (2) The estimated benefits derived from the use of the special purpose revenue bonds; and
- (3) A description of the undertaking to be funded by the special purpose revenue bonds.

SECTION 4. The department of budget and finance is authorized to issue from time to time, refunding special purpose revenue bonds in whatever principal amounts the department shall determine to be necessary to refund the special purpose revenue bonds authorized in section 2, and any refunding special purpose revenue bonds authorized in this section, regardless of whether the outstanding special purpose revenue bonds or refunding special purpose revenue bonds have matured or are the subject of redemption. In making this determination, the department shall comply with federal law relating to the exemption from federal income taxation of the interest on bonds of the nature authorized under this Act.

SECTION 5. The special purpose revenue bonds and the refunding special purpose revenue bonds issued under this Act shall be issued pursuant to part V, chapter 39A, Hawaii Revised Statutes, relating to the authority to issue special purpose revenue bonds and refunding special purpose revenue bonds to assist industrial enterprises serving the general public.

SECTION 6. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 1999.

SECTION 7. This Act shall take effect upon its approval.

(Approved June 18, 1996.)