

A Bill for an Act Relating to Recycling

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

SECTION 1. The legislature finds that efforts to improve economic and environmental conditions in the State will depend in part on more efficient and effective uses of its resources. Up through the mid-1990s, Hawaii's used oil disposal system primarily consisted of waste oil being burned at sugar mills for energy recovery. The closure of the Waialua and Kekaha sugar mills has led to the loss of two major burner facilities that accounted for more than nine hundred eighty thousand gallons of used oil per year. Maui Land and Pine Company, which burns more than one million gallons of used oil, serves as the State's major commercial used oil burner. Hawaii currently imports approximately five million gallons of lubricating oil yearly.

As the State evolves away from agriculture, the State continues to lose the primary consumer of recycled used oil fuel, which are the sugar mills. A more usable fuel product needs to be produced to utilize this valuable resource in Hawaii. Growth will also result due to the increased generation of used oil and petroleum waste, and adequate processing capabilities are an important component in the State's future.

It is critical that alternative used oil disposal strategies like producing used oil into a more usable fuel product be pursued and implemented. By being able to reuse this valuable resource, this alternative represents another method to dispose of used oil. An important component to accomplishing used oil recycling would be to build the necessary infrastructure such as a processing plant, which could produce reusable used oil fuel. Such a facility would generate used oil and petroleum waste into recycled used oil fuel.

The legislature finds that the environmental, energy, and economic policies of the State would be substantially improved by the effective utilization of technology to convert used oil and petroleum waste into a more usable fuel product. Financial assistance is essential to stimulate the investment of the capital required to construct a re-refining facility that would provide the State with adequate recycling, reduce the need to ship this valuable resource outside of the State, and lessen Hawaii's dependence on imported petroleum.

Approximately seven hundred fifty thousand gallons of recycled used oil fuel are currently shipped out of State due to the decline of agricultural-based industrial burner facilities. There is the likelihood that the amount of recycled used oil fuel will increase as Hawaii's economy evolves from agriculture to one that is more reflective of today's changing marketplace. The proposed re-refinery will process recycled used oil fuel into No. 2 diesel fuel that can be used for industrial boilers, asphalt plants, and marine fuels. The re-refining process has proven to be successful in Australia, Spain, and Korea.

For the foregoing reasons, the legislature finds and declares that the issuance of special purpose revenue bonds under this Act is in the public interest and is beneficial to public health, safety, and general welfare.

The legislature further finds that part V, chapter 39A, Hawaii Revised Statutes, permits the State to financially assist industrial enterprises through the issuance of special purpose revenue bonds and that the issuance of special purpose revenue bonds under this Act is in the public interest and for the public health, safety, and general welfare of the State. The legislature finds that Environmental Recycling Technologies, Inc., a Hawaii-based company, is an industrial enterprise meeting the qualifications for special purpose revenue bond assistance under part V, chapter 39A, Hawaii Revised Statutes. The special purpose revenue bonds autho-

rized under this Act will provide low interest rate bond financing for the construction of a re-refining facility capable of handling two and half million gallons of used oil and other petroleum waste per year for the State of Hawaii.

SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised Statutes, the department of budget and finance, with the approval of the governor, is authorized to issue in one or more series special purpose revenue bonds in a total amount not to exceed \$2,500,000 for the purpose of assisting Environmental Recycling Technologies, Inc., in the planning, design, construction, and operation of any and all elements of a used oil and other petroleum waste-to-energy facility at Kapolei on the island of Oahu. The legislature finds and determines that the activities and facilities of Environmental Recycling Technologies, Inc., constitute a project as defined in part V, chapter 39A, Hawaii Revised Statutes, and that the financing thereof is assistance to an industrial enterprise.

SECTION 3. The special purpose revenue bonds issued under this Act shall be issued pursuant to part V, chapter 39A, Hawaii Revised Statutes, relating to the power to issue special purpose revenue bonds to assist industrial enterprises serving the general public.

SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2004, to issue 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 of 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 or whether the refunding special purpose revenue bonds shall be bonds for the multi-project programs described in section 2. 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 by this section.

SECTION 5. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2004.

SECTION 6. This Act shall take effect upon its approval.

(Approved May 29, 2001.)