

ACT 129

H.B. NO. 1756

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist High Technology Industrial Enterprises.

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

SECTION 1. The legislature finds that there has been an exponential increase in the development of unmanned vehicle systems (UVS) for sea, air, land, and space applications. The growth has come especially in the use of unmanned aerial vehicles (UAVs), with the Department of Defense using them routinely for reconnaissance, the National Aeronautics and Space Administration exploring environmental and commercial applications, and the Department of Homeland Security applying them in the security of the country.

The legislature also finds that there is an opportunity for Hawaii to develop UVS, UAV technologies, and operational concepts, because Hawaii has an ideal infrastructure and support base for creating, developing, and testing integrated multi-use unmanned systems, such as:

- (1) High tech infrastructure;
- (2) Many military, science, and commercial partners;
- (3) Academic and research resources; and
- (4) Open skies, land masses, and seas necessary for test operations.

The legislature further finds that Electricore, Inc., a consortium of science and commercial partners, is uniquely qualified to function as the developer and operator of the Mid-Pacific Unmanned Systems Test Center. Mid-Pacific Unmanned Systems Test Center will develop extreme-endurance, high-altitude UAVs like the Helios, which can function as platforms for multiple missions and technologies. Hawaii will benefit from:

- (1) The technological growth in UVS, UAVs, and multi-use sensors development;
- (2) The location of operational centers in Hawaii;
- (3) The incubation of commercial opportunities through the development of new technologies;
- (4) The establishment of a new industry with high technology jobs; and
- (5) Other educational and research opportunities.

The legislature finds that chapter 206M, Hawaii Revised Statutes, permits the State to financially assist high technology industrial enterprises through the issuance of special purpose revenue bonds. The legislature finds that the Hawaii operations of Electricore, Inc., are a high technology industrial enterprise meeting the qualifications for special purpose revenue bond assistance under chapter 206M, Hawaii Revised Statutes. The special purpose revenue bonds authorized under this Act will provide low-interest rate bond financing for facilities for the development and production of UVS, UAVs, and the multi-use sensor technologies associated with integrated multi-use unmanned systems.

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 the public health, safety, and general welfare.

SECTION 2. Pursuant to chapter 206M, Hawaii Revised Statutes, the high technology development corporation, 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 \$30,000,000 for the purpose of assisting the Hawaii operations of Electricore, Inc., in the planning, design, construction, and operation of facilities for the development and production of unmanned vehicle systems, unmanned aerial vehicles, and the technologies associated with integrated multi-use unmanned systems. The legislature finds and determines that the activities and facilities of Electricore, Inc., constitute a project as defined in chapter 206M, Hawaii Revised Statutes, and the financing thereof is assistance to a high technology industrial enterprise.

SECTION 3. The high technology development corporation is authorized, from time to time, including times subsequent to June 30, 2009, to issue special purpose revenue bonds in whatever principal amounts the high technology development corporation 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 high technology development corporation 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 4. The special purpose revenue bonds issued under this Act shall be issued pursuant to chapter 206M, Hawaii Revised Statutes, relating to the power

of the high technology development corporation to issue special purpose revenue bonds to assist high technology industrial enterprises.

**SECTION 5.** The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2009.

**SECTION 6.** This Act shall take effect on July 1, 2004.

(Approved June 17, 2004.)