

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist a Seawater Air Conditioning Project.

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

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

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

The issuance of special purpose revenue bonds and refunding special purpose revenue bonds under this Act to assist Kaiuli Energy, LLC, in constructing the portion of its district cooling system will make the statewide development of such a system more economically feasible and provide numerous benefits. Among other benefits, it is expected that such a system will:

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

The legislature finds and declares 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.

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 special purpose revenue bonds in a total amount not to exceed \$200,000,000 in one or more series, for the purpose of assisting Kaiuli Energy, LLC, a limited liability company, in financing or refinancing the costs relating to the planning, design, construction, equipping, acquisition of land, including easements or other interests therein, and other tangible assets for a seawater air conditioning district cooling facility and chilled water distribution system. The legislature hereby finds and determines that the construction of a seawater air conditioning district cooling facility and chilled water distribution system 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 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 power to issue special purpose revenue bonds to assist industrial enterprises.

SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2018, 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 to refund 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, 2018.

SECTION 6. This Act shall take effect on July 1, 2013.

(Approved June 14, 2013.)