

ACT 238

S.B. NO. 1280

A Bill for an Act Relating to the Issuance of Special Purpose Revenue Bonds to Assist a Seawater 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 the natural energy laboratory of Hawaii authority currently has the infrastructure to support a seawater air conditioning district cooling system to serve Kona and nearby areas on the island of Hawaii.

The issuance of special purpose revenue bonds and refunding special purpose revenue bonds under this Act to assist Kona SWAC, LLC, in constructing a 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 this system will make significant use of an existing fifty-five inch deep seawater pipeline at the natural energy laboratory of Hawaii authority in which capacity remains mostly unused, and that additional offshore work or offshore environmental permits will be unnecessary.

SECTION 2. 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 3. 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 \$40,000,000, in one or more series, for the purpose of assisting Kona SWAC, LLC, a Hawaii limited liability company, for 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 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 4. 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 an industrial enterprise.

SECTION 5. 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 3 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 3. 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 6. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2018.

SECTION 7. This Act shall take effect on July 1, 2013.

(Approved June 27, 2013.)