

---

## A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO  
ASSIST ANAERGIA INC.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that support for the  
2 development of renewable and efficient energy systems in the  
3 State, which is geographically isolated from sources of oil,  
4 continues to be in the public interest. Anaergia Inc.  
5 ("Anaergia") is a global leader in offering sustainable  
6 solutions for the generation of renewable energy and the  
7 conversion of waste to resources.

8           Anaergia proposes to build, own, and operate:

9           (1) A project located in central Maui that is designed to  
10 process up to 700 tons per day of municipal solid  
11 waste, green waste, and sewage sludge. The features  
12 of this project include:

13           (A) A material resource recovery facility to recover  
14 recyclable materials such as metal, cardboard,  
15 and glass;



1 (B) Anaerobic digestion systems (used to break down  
2 organic materials); and

3 (C) Other processing equipment necessary to convert  
4 organics like municipal sludge, food waste, green  
5 waste, and other materials to renewable methane  
6 rich bio-gas (similar to natural gas); and

7 (2) A project to be sited on approximately 1,800 acres of  
8 fallow agricultural lands in west Maui, where energy  
9 crops (low-cost and low-maintenance plants harvested  
10 to make biofuels) will be grown. This project will  
11 convert harvested energy crops into renewable methane  
12 rich bio-gas or renewable electricity through the use  
13 of anaerobic digestion systems to be located in west  
14 Maui or central Maui.

15 In support of the above projects, the requested issuance  
16 amount of the special purpose revenue bonds considered by this  
17 Act has been carefully vetted and matches similar investment  
18 marks for infrastructure projects of this type. In addition to  
19 providing funding for the above renewable energy projects,  
20 revenue secured from the special purpose revenue bonds will  
21 offer Anaergia critical financial flexibility in terms of its



1 support of various related projects and initiatives and the  
2 deployment of internal capital. Continuing Anaergia's track  
3 record of recruiting investors and effectively allocating  
4 investment capital funds, planned end-goal projects and  
5 initiatives for this series of funding include:

- 6 (1) Enhanced source separation initiatives allowing for  
7 better recovery of recyclable materials;
- 8 (2) Out-year optimization allowing for enhanced  
9 operational efficiencies, increased recovery of  
10 recyclable materials, and improved adaptability to  
11 future changes in waste composition and waste  
12 generation quantities;
- 13 (3) More opportunities for "win-win" collaboration with  
14 local firms including recyclers, farmers, and  
15 transportation companies;
- 16 (4) Enhanced and innovative revitalization efforts for  
17 fallow agricultural lands, including expanded soil  
18 erosion mitigation efforts, rehabilitation of depleted  
19 and acidified soils, and implementation of sustainable  
20 farming practices to include reduced pesticide usage  
21 and implementation of organic farming practices;



- 1           (5) Advanced research and development efforts allowing
- 2           Anaergia to better its ability to continually maintain
- 3           organizational efficiency and industry best practices;
- 4           (6) Conducting a full environmental impact study, which is
- 5           not a requirement of the central Maui project, but
- 6           will allow for expanded public/community and
- 7           governmental input on the proposed municipal waste
- 8           processing facility;
- 9           (7) Expanded public education and awareness programs
- 10          related to solid waste, material reuse, recycling,
- 11          sustainability, and renewable energy technologies as
- 12          well as expansion of community investment and
- 13          philanthropic activities; and
- 14          (8) Expansion of on-the-job training programs and higher-
- 15          level education scholarships.

16          The legislature finds that the development of the projects  
17 outlined above, as well as the associated projects and  
18 initiatives of Anaergia and its partners, will benefit the State  
19 in several ways including:

- 20          (1) Reduction of up to 200,000 tons per year of greenhouse
- 21          gas emissions;



- 1           (2) Reduction of up to eighty-five per cent of materials  
2           deposited into and an increase in the recovery of  
3           recyclable materials of over ten times at the central  
4           Maui landfill;
- 5           (3) Reduction or stabilization of county landfill disposal  
6           and operational costs over the long run;
- 7           (4) Alleviation of treated water disposal issues,  
8           including the substantial reduction or elimination of  
9           injection well use in west Maui through the use of  
10          recycled water to irrigate energy crops;
- 11          (5) Creation of approximately sixty permanent local  
12          technical and semi-technical jobs at both facilities  
13          and approximately two hundred additional construction  
14          jobs during the building phase;
- 15          (6) Production of renewable energy and renewable fuels  
16          from both facilities for use in local communities,  
17          which will help reduce the State's reliance on  
18          imported fossil fuels;
- 19          (7) Assistance in meeting the State's renewable energy  
20          goals by providing over ten megawatts of firm  
21          renewable power; and



1           (8) Containment of dust clouds and reduction of soil  
2                   erosion from fallow agricultural lands on West Maui  
3                   farm lands.

4 Through the utilization of special purpose revenue bonds as the  
5 means of funding, Anaergia may provide the benefits outlined  
6 above without investment or operational financial risk to the  
7 State or counties.

8           Accordingly, the legislature finds that the issuance of  
9 special purpose revenue bonds under this Act for Anaergia is in  
10 the public interest and for the public health, safety, and  
11 general welfare of the State.

12           SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised  
13 Statutes, the department of budget and finance, with the  
14 approval of the governor, is authorized to issue special purpose  
15 revenue bonds in a total amount not to exceed \$90,000,000, in  
16 one or more series, for the purpose of assisting Anaergia Inc.,  
17 or a partnership in which Anaergia Inc. is a general partner,  
18 for the establishment and funding of energy production, waste  
19 recovery, and related facilities and projects on the island of  
20 Maui.



1           The outputs of these facilities shall be made available for  
2 use by members of the general public by sale directly from  
3 Anaergia Inc. or by sale to electric utilities servicing the  
4 public.

5           The legislature hereby finds and determines that Anaergia  
6 Inc.'s planning, design, and construction of a material recovery  
7 facility, an anaerobic digester, and a facility to convert  
8 energy crops into renewable gas or renewable electricity  
9 constitutes a project as defined in part V, chapter 39A, Hawaii  
10 Revised Statutes, and the financing thereof is assistance to an  
11 industrial enterprise.

12           SECTION 3. The special purpose revenue bonds and the  
13 refunding special purpose revenue bonds issued under this Act  
14 shall be issued pursuant to part V, chapter 39A, Hawaii Revised  
15 Statutes, relating to the power to issue special purpose revenue  
16 bonds to assist an industrial enterprises.

17           SECTION 4. The department of budget and finance is  
18 authorized, from time to time, including times subsequent to  
19 June 30, 2020, to issue special purpose revenue bonds in  
20 whatever principal amounts the department shall determine to be  
21 necessary to refund the special purpose revenue bonds authorized



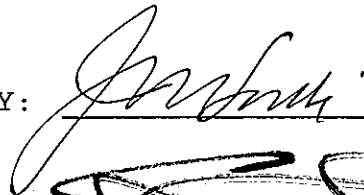
1 in section 2 and to refund special purpose revenue bonds  
 2 authorized in this section, regardless of whether the  
 3 outstanding special purpose revenue bonds or refunding special  
 4 purpose revenue bonds have matured or are the subject of  
 5 redemption or whether the refunding special purpose revenue  
 6 bonds shall be bonds for the multi-project programs described in  
 7 section 2. In making this determination, the department shall  
 8 comply with federal law relating to the exemption from federal  
 9 income taxation of the interest on bonds of the nature  
 10 authorized by this section.

11 SECTION 5. The authorization to issue special purpose  
 12 revenue bonds under this Act shall lapse on June 30, 2020.

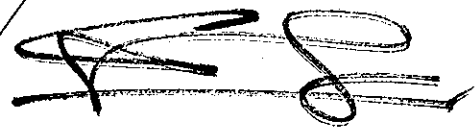
13 SECTION 6. This Act shall take effect on July 1, 2015.

14

INTRODUCED BY:




---



JAN 22 2015





# H.B. NO. 139

**Report Title:**

Special Purpose Revenue Bonds; Renewable Energy; Anaergia Inc.

**Description:**

Authorizes the issuance of special purpose revenue bonds to assist Anaergia Inc. with the development of facilities for renewable non-fossil fuel production on Maui.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

