



GOV. MSG. NO. 1032

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

July 6, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on July 6, 2007, the following bill was signed into law:

SB1718 HD2 CD1

A BILL FOR AN ACT RELATING TO THE ISSUANCE
OF SPECIAL PURPOSE REVENUE BONDS FOR
ELECTRICAL GENERATION ON THE ISLAND OF
MAUI.
(ACT 261)

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Lingle".

LINDA LINGLE

A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR
ELECTRICAL GENERATION ON THE ISLAND OF MAUI.

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 energy systems and efficient energy
3 systems in the State, which is geographically isolated from
4 sources of oil, continues to be in the public interest.

5 The legislature further finds that BlueEarth Maui
6 Biodiesel, LLC, proposes to build biodiesel transesterification
7 plants on the island of Maui. BlueEarth Maui Biodiesel, LLC, is
8 engaged in the planning, design, and construction of a biodiesel
9 refinery on Maui to supply a renewable source of electrical
10 generation fuel replacing a portion of the petroleum-based
11 feedstocks presently being used.

12 The legislature notes that special purpose revenue bonds
13 are available to entities other than BlueEarth Maui Biodiesel,
14 LLC.

15 SECTION 2. (a) The legislature finds and declares that
16 the issuance of special purpose revenue bonds under this Act is
17 in the public interest and for the public health, safety, and



1 general welfare. The legislature further finds that the
2 issuance of special purpose revenue bonds and refunding of
3 special purpose revenue bonds under this Act to assist BlueEarth
4 Maui Biodiesel, LLC, in the planning, design, and construction
5 of a biodiesel refinery on Maui will make the generation of
6 electricity with renewable biofuels economically feasible and
7 provide numerous benefits. Electrical generation with biodiesel
8 fuel will:

- 9 (1) Reduce dependence on imported fossil fuels for
10 electrical generation, increasing Hawaii's energy
11 security;
- 12 (2) Help to meet Hawaii's renewable energy goals by using
13 existing generation assets with on-island produced
14 renewable biodiesel;
- 15 (3) Reduce greenhouse-gas emissions via a renewable closed
16 loop carbon system;
- 17 (4) Provide significant reductions of hydrocarbon, sulfur,
18 toxic compounds, and particulate matter emissions
19 compared to burning petroleum diesel; and
- 20 (5) Eliminate, with the completion of phase one of the
21 project, the need to purchase and import up to forty



1 million gallons of diesel per year. This amount will
2 increase as phases two and three are completed.

3 (b) Benefits from the BlueEarth Maui Biodiesel, LLC,
4 project will include:

- 5 (1) Encouraging local agricultural research, development,
6 and cultivation of renewable energy feedstock crops on
7 Hawaii to be used by the project that will stimulate
8 locally grown biodiesel feedstock crops, such as palm
9 and jatropha, bringing fallow agricultural lands back
10 into production;
- 11 (2) Providing biodiesel at competitive prices as compared
12 to importation alternatives;
- 13 (3) Stimulating locally produced ethanol for use as a
14 renewable component in the transesterification of
15 vegetable oils into biodiesel;
- 16 (4) Generating substantial moneys in construction project
17 spending over a period of multiple years as each of
18 the three phases (approximately forty-million-gallon
19 capacity added with each phase) is built; and
- 20 (5) Assisting the State, county of Maui, and the federal
21 government to meet their goals and mandates for energy
22 efficiency and renewable energy use.



1 SECTION 3. Pursuant to part V, chapter 39A, Hawaii Revised
2 Statutes, the department of budget and finance, with the
3 approval of the governor, is authorized to issue special purpose
4 revenue bonds in a total amount not to exceed \$59,000,000, in
5 one or more series, for the purpose of assisting BlueEarth Maui
6 Biodiesel, LLC, with the construction of a biodiesel refinery on
7 Maui with primary production volumes designated as fuel for
8 electrical generation.

9 The legislature finds and determines that BlueEarth Maui
10 Biodiesel, LLC's planning, design, and construction of a
11 biodiesel refinery to supply a renewable source of electrical-
12 generation fuel constitutes a project as defined in part V,
13 chapter 39A, Hawaii Revised Statutes, and the financing thereof
14 is assistance to an industrial enterprise.

15 SECTION 4. The special purpose revenue bonds and the
16 refunding special purpose revenue bonds issued under this Act
17 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
18 Statutes, relating to the power to issue special purpose revenue
19 bonds to assist industrial enterprises.

20 SECTION 5. The department of budget and finance is
21 authorized, from time to time, including times subsequent to



1 June 30, 2012, to issue special purpose revenue bonds in
2 whatever principal amounts the department shall determine to be
3 necessary to refund the special purpose revenue bonds authorized
4 in section 3 and to refund special purpose revenue bonds
5 authorized in this section, regardless of whether the
6 outstanding special purpose revenue bonds or refunding special
7 purpose revenue bonds have matured or are the subject of
8 redemption or whether the refunding special purpose revenue
9 bonds shall be bonds for the multi-project programs described in
10 section 3.

11 SECTION 6. As a condition precedent to the issuance of
12 special purpose revenue bonds under this Act, BlueEarth Maui
13 Biodiesel, LLC, or its affiliates shall give priority to
14 utilizing Hawaii grown fuel stock when available and shall not
15 import fuel stock that is the product of growth on farms where
16 forests have been cleared to accommodate the growing of such
17 crops. To receive bond financing under this Act, BlueEarth Maui
18 Biodiesel, LLC, shall be required to import fuel stock produced
19 only from sustainable sources; provided that BlueEarth Maui
20 Biodiesel, LLC, and its affiliates shall document that
21 sustainable sources are utilized; provided further that the
22 documentation shall be transmitted or otherwise made available

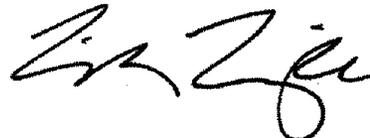


1 to the department of business, economic development, and
 2 tourism. The department of business, economic development, and
 3 tourism shall certify the documentation submitted and shall
 4 notify the department of budget and finance in writing as to
 5 whether BlueEarth Maui Biodiesel, LLC, and its affiliates are in
 6 compliance with this section prior to the issuance of any
 7 special purpose revenue bonds being issued pursuant to this Act.

8 SECTION 7. Notwithstanding any law to the contrary, the
 9 interest in bonds issued under this Act shall be subject to
 10 state and federal income tax laws.

11 SECTION 8. The authorization to issue special purpose
 12 revenue bonds under this Act shall lapse on June 30, 2012.

13 SECTION 9. This Act shall take effect on July 1, 2007.



GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUL 6 2007

