



GOV. MSG. NO. 726

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

June 11, 2009

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

Dear Madam President and Members of the Senate:

This is to inform you that on June 11, 2009, the following bill was signed into law:

HB1678 HD1 SD2 CD1

A BILL FOR AN ACT
RELATING TO THE ISSUANCE OF SPECIAL
PURPOSE REVENUE BONDS.

ACT 109 (09)

Sincerely,

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

LINDA LINGLE

Approved by the Governor

on JUN 11 2009

HOUSE OF REPRESENTATIVES
TWENTY-FIFTH LEGISLATURE, 2009
STATE OF HAWAII

ACT 109
H.B. NO. 1678
H.D. 1
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

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

1 SECTION 1. (a) 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. The legislature further
5 finds that LifeGrid Solutions, LLC, proposes to build and
6 operate biofuel production and research facilities on the island
7 of Oahu. LifeGrid Solutions, LLC, is engaging in the planning,
8 design, and construction of a biofuel refinery capable of
9 producing approximately one hundred million gallons of ethanol
10 and approximately forty million gallons of biodiesel per year.
11 The continuous production of alternative biofuels will allow the
12 island of Oahu to replace a significant portion of the
13 petroleum-based feedstocks currently used for things such as
14 transportation and electric generation. In addition to the
15 reduction of imported petroleum, LifeGrid Solutions, LLC, will
16 also have a positive impact on Hawaii's municipal solid waste.
17 Currently, Hawaii's landfills are operating at maximum capacity,
18 requiring a large percentage of municipal solid waste to be

HB1678 CD1 HMS 2009-3845



1 transported to foreign locations for proper disposal. LifeGrid
2 Solutions, LLC's facilities will be capable of using Hawaii's
3 municipal solid waste as feedstock to produce renewable biofuels
4 on the island of Oahu.

5 In addition, LifeGrid Solutions, LLC, will co-locate a
6 research center with the production facility for further
7 development of alternative biofuel technologies. The initial
8 research will focus on the large-scale growth of algae used for
9 alternative biofuel production. The research and development
10 performed by LifeGrid Solutions, LLC, on the island of Oahu will
11 serve to establish Hawaii as a center of excellence for the
12 research, development, and production of renewable alternative
13 biofuels.

14 The production of ethanol and biodiesel from renewable
15 alternative sources coupled with an extensive research and
16 development capability will:

17 (1) Reduce the current dependence on imported fossil fuels
18 for things such as transportation and electric
19 generation, increasing Hawaii's domestic wealth, self-
20 sufficiency, and energy security;

21 (2) Reduce the current strain on Hawaii's landfills by
22 using up to one million tons annually, which is



- 1 seventy-five per cent of Hawaii's current annual
2 municipal solid waste output, of municipal solid waste
3 as a feedstock for biofuel production;
- 4 (3) Provide a long term solution for the disposal of waste
5 water treatment sludge by converting it into clean
6 burning biofuels;
- 7 (4) Help to meet Hawaii's renewable energy goals by
8 coupling existing infrastructure with on-island
9 production of renewable ethanol and biodiesel;
- 10 (5) Reduce greenhouse-gas emissions through a renewable
11 closed loop carbon system;
- 12 (6) Provide significant reductions of hydrocarbon, sulfur,
13 toxic compounds, and particulate matter emissions as
14 opposed to energy produced from burning petroleum
15 diesel;
- 16 (7) Make Hawaii the center of excellence for the research
17 and development of future biofuel technologies through
18 collaborations with both industry and academic
19 partners such as the University of Hawaii; and
- 20 (8) Begin construction of a facility capable of reducing
21 Hawaii's need to import up to one hundred million



1 gallons per year of ethanol and further to produce
2 forty million gallons per year of diesel.

3 (b) The benefits from the LifeGrid Solutions, LLC, project
4 will include:

5 (1) Encouraging local agricultural research, development,
6 and cultivation of renewable energy feedstock crops in
7 Hawaii to stimulate locally grown biodiesel feedstock
8 crops, such as palm and jatropha, bringing fallow
9 agricultural lands back into production;

10 (2) Providing ethanol and biodiesel at competitive prices
11 as compared to imported alternatives;

12 (3) Increasing the efficiency of municipal solid waste
13 disposal by using the waste as a feedstock for the
14 production of biofuel;

15 (4) Increasing Hawaii's ability to dispose of waste water
16 treatment sludge that has no useful application;

17 (5) Having a positive environmental impact by reducing the
18 overall carbon footprint by producing fuels for
19 transportation and electric generation;

20 (6) Increasing construction project spending over a period
21 of multiple years;



1 (7) Solidifying Hawaii as the leader in biofuel research
2 and development, further making Hawaii the preferred
3 biofuel proving ground; and

4 (8) Assisting the State, the city and county of Honolulu,
5 and the federal government to meet their goals and
6 mandates for energy efficiency and renewable energy
7 use.

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

11 The legislature further finds that LifeGrid Solutions,
12 LLC's work in creating alternative energy for the State is an
13 industrial enterprise defined in part V, chapter 39A, Hawaii
14 Revised Statutes, and may be assisted through the issuance of
15 special purpose revenue bonds.

16 SECTION 2. Pursuant to part V, chapter 39A, Hawaii Revised
17 Statutes, the department of budget and finance, with the
18 approval of the governor, is authorized to issue special purpose
19 revenue bonds in a total amount not to exceed \$80,000,000, in
20 one or more series, for the purpose of assisting LifeGrid
21 Solutions, LLC, or a partnership in which LifeGrid Solutions,
22 LLC, is a general partner, with the planning, design, and



1 construction of a biofuel refinery and research facility on the
2 island of Oahu with primary production volumes of forty million
3 gallons per year of biodiesel and future capability of one
4 hundred million gallons per year of ethanol. LifeGrid
5 Solutions, LLC, will build, operate, and maintain either three
6 separate facilities or a single consolidated facility for the
7 production and research of both ethanol and biodiesel in the
8 aforementioned volumes on the island of Oahu. This initial
9 biofuel production will be used for both transportation and
10 electric generation, helping Hawaii meet its goals and mandates
11 for energy efficiency and renewable energy use as well as
12 reducing Hawaii's burden of municipal solid waste disposal.
13 These benefits, along with continued research and development of
14 alternative biofuels, will ensure that Hawaii becomes and
15 remains the leader in biofuel technologies.

16 The legislature finds and determines that LifeGrid
17 Solutions, LLC's planning, design, and construction of a biofuel
18 refinery and research facility to supply a renewable source of
19 ethanol and biodiesel for transportation and electric
20 generation, and to foster continued research on biofuel
21 technology constitute a project as defined in part V, chapter



1 39A, Hawaii Revised Statutes, and the financing thereof is
2 assistance to an industrial enterprise.

3 SECTION 3. The special purpose revenue bonds and the
4 refunding special purpose revenue bonds issued under this Act
5 shall be issued pursuant to part V, chapter 39A, Hawaii Revised
6 Statutes, relating to the power to issue special purpose revenue
7 bonds to assist industrial enterprises.

8 SECTION 4. The department of budget and finance is
9 authorized, from time to time, including times subsequent to
10 June 30, 2014, to issue special purpose revenue bonds in
11 whatever principal amounts the department shall determine to be
12 necessary to refund the special purpose revenue bonds authorized
13 in section 2 and to refund special purpose revenue bonds
14 authorized in this section, regardless of whether the
15 outstanding special purpose revenue bonds or refunding special
16 purpose revenue bonds have matured or are the subject of
17 redemption or whether the refunding special purpose revenue
18 bonds shall be bonds for the multi-project programs described in
19 section 2. In making this determination, the department shall
20 comply with federal law relating to the exemption from federal
21 income taxation of the interest on bonds of the nature
22 authorized by this section.



1 SECTION 5. As a condition precedent to the issuance of
2 special purpose revenue bonds under this Act, LifeGrid
3 Solutions, LLC, or its affiliates, shall give priority to
4 utilizing Hawaii grown fuel stock when available and shall not
5 import fuel stock that comes from farms where forests have been
6 cleared to accommodate the growing of such crops. To receive
7 bond financing under this Act, LifeGrid Solutions, LLC, shall be
8 required to import fuel stock produced only from sustainable
9 sources; provided that LifeGrid Solutions, LLC, and its
10 affiliates shall document that sustainable sources are utilized;
11 provided further that the documentation shall be transmitted or
12 otherwise made available to the department of business, economic
13 development, and tourism. The department of business, economic
14 development, and tourism shall certify the documentation
15 submitted and shall notify the department of budget and finance
16 in writing as to whether LifeGrid Solutions, LLC, and its
17 affiliates are in compliance with this section prior to the
18 issuance of any special purpose revenue bonds being issued
19 pursuant to this Act.

20 SECTION 6. Notwithstanding any law to the contrary, the
21 interest in bonds issued under this Act shall be subject to
22 state and federal income tax laws.



1 SECTION 7. The authorization to issue special purpose
2 revenue bonds under this Act shall lapse on June 30, 2014.

3 SECTION 8. This Act shall take effect on July 1, 2009.

APPROVED this 11 day of JUN , 2009



GOVERNOR OF THE STATE OF HAWAII

