
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 seven hundred tons per day of municipal
11 solid waste, green waste, and sewage sludge. The
12 features 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 considered 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 to support various



1 related projects and initiatives and the deployment of internal
2 capital. To continue Anaergia's track record of recruiting
3 investors and effectively allocating investment capital funds,
4 the planned end-goal projects and initiatives for the series of
5 funding under this Act would 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 mutually beneficial
14 collaboration with local firms, including recyclers,
15 farmers, and 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 improve its ability to continually
3 maintain organizational efficiency and industry best
4 practices;
- 5 (6) Conducting a full environmental impact study, which is
6 not a requirement of the central Maui project, but
7 would allow for expanded public/community and
8 governmental input on the proposed municipal waste
9 processing facility;
- 10 (7) Expanded public education and awareness programs
11 related to solid waste, material reuse, recycling,
12 sustainability, and renewable energy technologies as
13 well as expansion of community investment and
14 philanthropic activities; and
- 15 (8) Expansion of on-the-job training programs and higher-
16 level education scholarships.

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



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



1 (7) Assistance in meeting the State's renewable energy
2 goals by providing over ten megawatts of firm
3 renewable power; and

4 (8) Containment of dust clouds and reduction of soil
5 erosion from fallow agricultural lands on west Maui
6 farm lands.

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

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

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



1 recovery, and related facilities and projects on the island of
2 Maui.

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

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

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

19 SECTION 4. The department of budget and finance is
20 authorized, from time to time, including times subsequent to
21 June 30, 2020, to issue special purpose revenue bonds in



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

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

15 SECTION 6. This Act shall take effect on July 1, 2030.



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. (HB139 HD1)

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