

STAND. COM. REP. NO. 1435

Honolulu, Hawaii

APR 10 2015

RE: H.B. No. 242
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 242 entitled:

"A BILL FOR AN ACT RELATING TO SEAWATER AIR CONDITIONING,"

begs leave to report as follows:

The purpose and intent of this measure is to promote the development of efficient energy systems by extending the Department of Budget and Finance's authorization to issue special purpose revenue bonds to Honolulu Seawater Air Conditioning, LLC from June 30, 2015, to June 30, 2020.

Your Committee received written comments in support of this measure from Honolulu Seawater Air Conditioning, LLC and Ulupono Initiative.

Your Committee finds that a large percentage of the State's energy sources are imported at a high cost due to the geographic isolation of the State. Your Committee further finds that it is in the public interest to develop and support alternative energy sources to reduce energy prices and work toward sustainability. It is estimated that using seawater air conditioning rather than traditional air conditioning can cut electricity costs by seventy-five per cent and save seventy-seven million kilowatt-hours of power a year.

Your Committee also finds that in 2007, the Legislature authorized the issuance of special purpose revenue bonds to Honolulu Seawater Air Conditioning, LLC for the development of

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seawater air conditioning systems on Oahu. However, earlier sales of special purpose revenue bonds were postponed due to disruptions in financial markets and regulatory delays. The authorization for the special purpose revenue bonds will lapse on June 30, 2015. Extending the authorization for the issuance of special purpose revenue bonds to Honolulu Seawater Air Conditioning, LLC will allow the company to complete the design and construction of a seawater air conditioning cooling system on Oahu.

Your Committee has amended this measure by changing the effective date to June 28, 2015.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 242, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 242, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



JILL N. TOKUDA, Chair



