

HB 1678 HD1

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
ON
HOUSE BILL NO. 1678, H.D. 1

March 17, 2009

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS.

House Bill No. 1678, H.D. 1, authorizes the issuance of up to \$80,000,000 in special purpose revenue bonds to assist LifeGrid Solutions, LLC, or a partnership in which LifeGrid Solutions, LLC is a general partner, in the planning, design, and construction of a biofuel refinery and research facility on the Island of Oahu pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for industrial projects are limited to \$10 million. We recommend that the project party consult with a bond counsel firm to determine if the project may qualify, under certain exemptions, for the full amount of tax-exempt financing.