

**SB 485**

***CARBON DIVERSION, INC.***  
***85-979 Farrington Hwy, Suite C***  
***Waianae, Hawaii 96792***

HAWAII STATE SENATE – REGULAR SESSION 2009  
COMMITTEE ON ENERGY AND THE ENVIRONMENT

February 17, 2009  
2:45 PM, Conf. Rm. 225

**SB 485 – RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST CARBON DIVERSION INC.**

Chair Sen. Mike Gabbard, V. C. Sen. J. Kalani English and Committee Members:

Good afternoon. My name is Bill Bathe and I am the Chief Financial Officer (CFO) for Carbon Diversion, Inc. (CDI). CDI strongly supports SB 485 Relating to the Issuance of Special Purpose Revenue Bonds to assist Carbon Diversion Inc. to help develop eight (8) sites and expand its operations on all the main islands in Hawaii. CDI is a local Hawaiian Company that started 2004 in a partnership with the University of Hawaii Foundation. It is a Qualified High Tech Company eligible for Tax Incentive Credits under Acts 221/215.

CDI has developed a full-scale hybrid gasification carbonization process at Campbell Industrial Park in Kapolei, which can reduce various organic feedstock and tires (non-fossil fuel) into carbon products and synthetic gas. CDI anticipates further expansion into other sites including developing a Headquarters Operations Center near its present facility. The saleable products are energy related carbon products and electricity which can, by contract with utilities, be pumped directly into the grid through local distributed generation sites. The CDI process has a negligible effect on the environment and is in compliance with EPA's Air Emission Standards. The CDI Process application results in lessened dependency on fossil fuels, landfills, transportation and disposal costs, and can indirectly provide lower priced electrical energy, among several other environmental benefits.

CDI does embrace respect for the 'aina and principles of caring for the land – Malama 'Aina. In fact, we're working directly with the Dept. of Hawaiian Home Lands (DHHL) to implement a part of our expansion on the Big Island to engage in projects which will process a range of organic streams from Biomass green-wastes, to tires, and macadamia nut shells, among others. This Friday CDI will participate in ground-breaking ceremonies with DHHL and other dedicated partners to help restore to Homestead use - thousands of acres of Gorse infested pasturelands on Humu'ula on Mauna Kea by clearing and CDI processing to carbon and energy products.

Finally, the use of thermal fluid output from the cogeneration facility would be utilized by existing and planned businesses for manufacturing and processing enterprises with attendant economic benefits to the community in which it is located. The use of special purpose revenue bonds represented is consistent with the provisions of Part V, Chapter 39A, of the Hawaii Revised Statutes.

We strongly recommend passage of SB 485.

Thank you very much for consideration of this bill.

***CARBON DIVERSION, INC.***  
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Chair Sen. Mike Gabbard, V. C. Sen. J. Kalani English and Committee Members:

Good afternoon. My name is Dante Carpenter, Director of Public Affairs for Carbon Diversion, Inc. (CDI). CDI strongly supports SB 485 Relating to the Issuance of Special Purpose Revenue Bonds to assist Carbon Diversion Inc. in order to help to develop and expand its operations statewide. CDI is a local Hawaiian Company which has developed a hybrid gasification carbonization process which can reduce various organic feedstock and tires (non-fossil fuel) into carbon products and synthetic gas. The CDI process has a negligible effect on the environment by outperforming the minimum allowed for EPA's Emission Standards.

Moreover, it epitomizes the Hawaiian Culture's respect for the 'aina and principles of caring for the land – Malama 'Aina - with one of the most sustainable and clean technologies available in the world today. This results in lessened dependency on fossil fuels, landfills, transportation and disposal costs, and can indirectly provide lower priced electrical energy to the grid via local distributed generation.

We suggest a slight change in language in Section 1. to read as follows: "The legislature further finds that Carbon Diversion Inc. is engaged in the development of cogeneration facilities projects that produce electric energy from nonfossil fuel feedstock, utilizing [the] a material reduction process [of carbonization] by pressurized [partial] pyrolysis and gasification for direct production of energy-related carbon products and fuels, and indirect production of electricity, and that Carbon Diversion Inc. will sell the electric energy it produces to electric utilities serving the public." (Deleted language is bracketed [ ] and new language is underlined.)

Further, the use of thermal fluid output from the cogeneration facility would be utilized by existing and planned businesses for manufacturing and processing enterprises with attendant economic benefits to the community in which it is located. Finally, the use of special purpose revenue bonds represented is consistent with the provisions of Part V, Chapter 39A, of the Hawaii Revised Statutes.

We strongly recommend passage of SB 485 as amended, per above.

Thank you very much for consideration of this bill.

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  
SENATE BILL NO. 485

February 17, 2009

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST  
CARBON DIVERSION INC.

Senate Bill No. 485 authorizes the issuance of up to \$40,000,000 in special purpose revenue bonds to assist Carbon Diversion Inc., or a partnership in which Carbon Diversion Inc. is a general partner, with the establishment of a cogeneration facility and related energy production facilities 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.

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, February 15, 2009 10:06 AM  
**To:** ENETestimony  
**Cc:** kimos@mac.com  
**Subject:** Testimony for SB485 on 2/17/2009 2:45:00 PM

Testimony for ENE 2/17/2009 2:45:00 PM SB485

Conference room: 225  
Testifier position: support  
Testifier will be present: Yes  
Submitted by: kimo Sutton  
Organization: Individual  
Address: 350 Ward Ave #106 Honolulu Hi  
Phone: 808 7836322  
E-mail: [kimos@mac.com](mailto:kimos@mac.com)  
Submitted on: 2/15/2009

Comments:

Aloha,

My name is Warner Kimo Sutton, CEO of Diamond Head Renewable Resources. I am here to support the credit needed for this industry in this crisis. Hawai'i has this type of capital support and was first started in the Con Con of 1978 of which I was an elected Delegate. To have private industry make expensive construction for alternative energy to replace fossil fuels this is a godsend. No other industries have federal acts to support loans for second generation fuels. These loans can help the future of jobs here too. Many of these technologies can help to decrease our dependence on foreign imported fuels and energy, keeping the billions of dollars leaving the state home. I ask you to please support all of these second generation biomass production methods.

**WAIMEA HAWAIIAN HOMESTEADERS' ASSOCIATION, INC.**

**P. O. Box 6753**

**Kamuela, Hawaii 96743**

February 17, 2009

**M KANANI KAPUNIAI**  
*Pu'ukapu-Pastoral '90+*  
Director- **President**

TO: Senator Mike Gabbard, Chair  
Senator J. Kalani English, Vice Chair

**N DUKE KAPUNIAI**  
*Honokaia*  
Director - **Vice-President**

FROM: M Kapuniai, President

**SHARON MEDEIROS**  
*Puu Pulehu*  
Director - **Secretary**

RE: **SB 485**  
**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE**  
**REVENUE BONDS TO ASSIST CARBON DIVERSION, INC.**  
Authorizes the issuance of special purpose revenue bonds to assist Carbon Diversion, Inc.

**A HOPPY BROWN**  
*Puukapu Pastoral '90+*  
Director - **Treasurer**

Date/Time: Tuesday, February 17, 2009 2:45 a.m.  
Place: Conference Room 225  
State Capital, 415 So Beretania St

**DOROTHY/BRUCE**  
**NISHIE**  
*Kamoku/Nienie/Waikoloa*  
Director

We write to **SUPPORT** this bill.

**KENNETH/LAVERNE**  
**KANIHO**  
*Pauahi*  
Director

Carbon Diversion, Inc. has stepped forward with their patented technology, developed at the Hawaii Natural Energy Institute (HNEI) University of Hawaii, to reduce various waste streams to produce useful products, to provide employment opportunities, to increase the economic base of our island, and to assist us, here on Hawaii Island, on a further journey toward self-sufficiency.

**BERNARD ALANI, JR**  
*Puukapu-fARM>'85*  
Director

Carbon Diversion, Inc. has identified at least two project sites on Hawaiian Home Lands on Hawaii Island, one of which has feed stock ready to process, today; equipment and qualified personnel ready.

**BETTY LAU**  
*Kuhio Village*  
Director

We write to **request full support for passage of this bill** to authorize the issuance of a Special Purpose Revenue Bond to assist Carbon Diversion, Inc. reach an envisioned potential.

**JOSEPH KEALOHA**  
*Pu'ukapu-Agricultural'85+*  
Director

**FRED LAU**  
*Kuhio Village*  
Director

We appreciate the opportunity to participate in this process!  
In addition, we appreciate Senator Hanabusa's efforts in introducing this bill!

**HENRY "SOLI"NIHEU"**  
*Pu'ukapu-Farm '85+*  
Director

Phone: (808) 890-2311 (Res) 936-0157(Cell)  
Email: [duke@sandwichisles.net](mailto:duke@sandwichisles.net)

**DERRICK HONDA**  
*Pu'ukapu-Pastoral <90*  
Director

***Pacific Crane & Equipment, Inc***

*P. O. Box 6753  
Kamuela, Hawaii 96743  
February 17, 2009*

TO: Senator Mike Gabbard, Chair  
Senator J. Kalani English, Vice Chair

FROM: N Duke Kapuniai,  
President & CEO

RE: **SB 485**  
**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE**  
**REVENUE BONDS TO ASSIST CARBON DIVERSION, INC.**  
Authorizes the issuance of special purpose revenue bonds to assist  
Carbon Diversion, Inc.

Date/Time: Tuesday, February 17, 2009 2:45 p.m.  
Place: Conference Room 225  
State Capitol, 415 So. Beretania St.

We write to **SUPPORT** this bill.

Carbon Diversion, Inc. will be utilizing a patented technology developed at the Hawaii Natural Energy Institute (HNEI) University of Hawaii, to reduce various waste streams to useful, high-yield marketable products; the thermal fluid to be processed will greatly contribute to the standards projected for co-generation facilities by the "*Hawaii Clean Energy Initiative*".

We look forward as a partner with Carbon Diversion, Inc., to bring this project to fruition by delivering the harvested feedstock for processing.

Your favorable support will:

- 1) Provide employment opportunities
- 2) Convert a waste stream into a useful marketable products
- 3) Convert unproductive Hawaiian Homes Trust Lands to productivity

We write to **request full support for passage of this bill**, to authorize the issuance of a special purpose revenue bond to Carbon Diversion, Inc.

Thank you!

Phone: (808)890-2311 Cell: (808)936-1042  
Fax: (808)890-2311  
E Mail: duke@sandwichisles.net

***‘Oiwi Lokahi O ka Mokupuni O Keawe***

*C/o P. O. Box 437342*

*Kamuela, Hi 96743*

*February 17, 2009*

TO: Senator Mike Gabbard, Chair  
Senator J Kalani English, Vice Chair

FROM: Edward Stevens, Vice President

RE: **SB 485**

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST CARBON DIVERSION, INC.**

Authorizes the issuance of special purpose revenue bonds to assist Carbon Diversion, Inc.

Date/Time: Tuesday, February 17, 2009 2:45p.m.

Place: Conference Room 225  
State Capitol, 415 So. Beretania St.

We write to **SUPPORT** this bill.

Carbon Diversion, Inc., with its flash carbonization process will, with your support, be able to help us realize our vision for “beneficiary stewardship of Hawaiian Homes Trust Lands” at Humu‘ula, North Hilo, Hawaii. ‘Oiwi has, in 2005, presented two reports for beneficiary stewardship to the Department of Hawaiian Home Lands, *Humu‘ula Rural Villages and Landscape Restoration Plan*, and *Assessment of Pi‘ihonua, a Brief Assessment for Beneficiary Ranching Leases at Pu‘u O‘o Ranch*.

We look forward as a partner with Carbon Diversion, Inc., to bring this project to fruition, as a steward organization providing access to the feedstock, ready for harvest. We had determined in 2006, that this feedstock, the gorse plant, did have a potential as a revenue stream, and consequently, did approach the Department of Hawaiian Home Lands to allow us to research and develop the concept.

We write to **request full support for passage of this bill**, to authorize the issuance of a special purpose revenue bond to Carbon Diversion, Inc.

We thank you, in advance, and appreciate this opportunity to participate.

Phone: (808) 329-9255

Email: [taputimu@hawaii.rr.com](mailto:taputimu@hawaii.rr.com)